SIFMA Annual Meeting 2011

Global Reform Industry Impact

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Marriott Marquis Times Square, New York, NY

Tim Ryan – President & CEO, SIFMA

Welcome and Opening Remarks

As prepared for delivery

Good morning. I'm Tim Ryan, president and CEO of SIFMA. I'd like to thank Vikram Pandit once again for his insightful comments during our breakfast session this morning.

I now declare the opening of SIFMA's formal annual business meeting for members.

To start, we need to take care of some official business.

Included in the notice of this member meeting was a report of the Nominating Committee for SIFMA directors and a proxy for use in voting. The Nominating Committee is careful to ensure that SIFMA's Board of Directors represents all of the major constituencies of the firms in our industry. The corporate secretary has received the required number of votes in accordance with the by-laws and the following new directors have been elected for three year terms:

Andrew S. Duff

PiperJaffray

Karen B. Peetz
BNY Mellon

G. Donald Steel
Planned Investment Co., Inc.

Richard B. Payne, Jr.
U.S. Bancorp

David L. Brunner
BNP Paribas Securities Corp.

Bryan T. Weadock
Bank of America Merrill Lynch

I'd also like to take a moment to thank our sponsors for their support of today's event. You can see them on the screen now. We appreciate your continued partnership.

Clearly, our industry is being transformed and there are many facets to these changes. Halfway through the process -- is our system better? Is it safer? More confident? Our conference today is all about these issues and questions and their impact. Charlie Rose will once again interview industry and government leaders, as well as key expert panelists on market structure and the outlook for the financial sector as we adapt to the changes brought about by regulatory reform.

Some positive progress has been made. Our industry has supported responsible regulatory reform from the start. And during the past several years, we have made many changes which have made our global financial system safer. Since the end of 2007, U.S. financial firms have raised more than $300 billion of common equity. The largest U.S. banks have reduced their average leverage ratio from 16:1 to 11:1 and increased loan loss reserves by about 200%. Off-balance sheet activity has also been reduced dramatically. Many have already undergone stress tests with both the Treasury and Fed. Over 90 percent of the TARP capital infusion funds into banks have already been repaid, with interest, dividend and warrant sales for a profit of $19 billion to the taxpayers to date.

At SIFMA, we have been focused from the very early days of regulatory reform on being productive participants in the process. Through our committees, on which almost 6,000 members from the industry participate, we provide information and analysis to help the regulators craft rules that work and create certainty. We support measures to restore faith and confidence in our financial system, such as establishing a systemic risk regulator and the designation of bank and non-bank firms as systemically important. We believe there should be a uniform fiduciary standard of care. We support risk retention and other improvements in the securitization space to help jumpstart recovery of the housing market. But we cannot support measures which disrupt market functions or increase systemic risk, ultimately failing to achieve what Congress and the Administration sought to accomplish with this legislation.

We're in an uncomfortable period right now. All along, we've asked ourselves continuously if we want financial reform done quickly so we can adapt and move on, or do we want it done correctly even though delay causes lack of certainty? SIFMA's view is that regulatory reform should be done reasonably, smartly and appropriately and if there's delay, there's delay.

There is a definite uncertainty related to the impact of regulatory reform on the part of the industry in general and investors in particular. That uncertainty is borne of the sheer magnitude of change, lack of coordination among regulators on a national and global basis, a lack of understanding about certain markets and products, and rule writing which doesn’t take into account the impact new regulations are and will continue to have on the economy.

The economic impact of all these rulemakings on a global basis is yet unknown, especially in the face of the Eurozone crisis and domestic economic difficulties. Global financial institutions must work within a web of regulatory agencies, departments of government and non-governmental organizations on a global and domestic basis. We all want to see increased coordination and comprehensive cost benefit analysis to ensure the new rules being written on a global basis actually help make our financial system safer and more secure and provide the infrastructure to move a still fragile global economy forward.

In the year to come, we will continue our hard work on behalf of the financial industry to ensure that the regulatory landscape provides a clear path to allowing financial institutions to be the conduits of economic growth and job creation.

To start off the program, I’d like to share a video with you that highlights the work our industry is doing to help restore confidence to individual investors and the financial markets, promote economic growth and ensure working implementation of Dodd-Frank Reform.

PLAY MESSAGING VIDEO

I’m pleased to announce that, pending Board approval tomorrow, Jerry del Missier from Barclays will be SIFMA’s new chairman. Jerry is both the co-chief executive of Barclays Capital and the co-chief executive of corporate and investment banking at the firm. He is a current member of SIFMA’s board and executive committee and has been very involved in our activities for many years. Jerry’s valuable insight on issues facing the global financial industry, especially derivatives and capital charges, will be a tremendous benefit to SIFMA and out industry and we thank Jerry for his willingness to serve in this important role.

Jerry takes the reins from our outgoing chair John Taft. John has been a committed leader during a critical time for our industry. I'd like to thank John on behalf of all of us at SIFMA and our member firms for his hard work and dedication over the past year. Jerry and John, would you please join me on stage?

[Jerry and John come up on stage]

Jerry:
I'm very pleased to be taking over as SIFMA chair and look forward to working with everyone. SIFMA has accomplished a great deal this past year. In the coming year, SIFMA will continue to be an authoritative voice in the implementation of Dodd-Frank. We will provide information and analysis to regulators so they have what they need to get these rules right. We will continue to call for economic cost-benefit analysis and will continue to communicate the impact on markets, capital formation, credit availability and economic growth from the various Dodd-Frank rulemakings. Clearly, the course of action out of the EU and other global regulatory development will have an impact on the U.S. financial system. We will continue to monitor those issues closely. Most importantly, we will continue to work on maintaining and burnishing the level of confidence investors have in our markets, in our own financial institutions, and in the general economic outlook for the future. Now, I'd like to thank our outgoing Chairman of the Board, John Taft, who is CEO of RBC Wealth Management U.S.

John has spent nearly 30 years in the industry working at various financial institutions, including Piper, Jaffray & Hopwood, Vintage Mutual Funds, the Clifton Group and Dougherty Summit Securities.

Prior to becoming CEO, John served as head of Asset Management and Products for RBC's U.S. and International division and as CEO of Voyageur Asset Management.

John has been an active member within SIFMA, having previously served as Chair of the Private Client Steering Committee. During the beginning stages of the regulatory reform debate John helped lead SIFMA’s support of a new federal fiduciary standard to govern both investment advisors and broker dealers who provide personalized investment to retail investors.

As Chairman of SIFMA’s board, John continued that leadership role on the complex issues the industry has faced over the past year. We appreciate his dedication and hard work. I personally have enjoyed working with John, and find him to be a highly competent, very experienced professional with an obvious zeal for what he does.

Ladies and gentlemen will you please help me thank and welcome, John Taft.